

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	<i>This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.</i> BORROWER NAME Moundville Telephone Company, Inc.	
<i>INSTRUCTIONS-Submit report to RUS within 30 days after close of the period. For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.</i>	PERIOD ENDING December, 2012	BORROWER DESIGNATION AL0559
<p style="text-align: center;">CERTIFICATION</p> <p><i>We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.</i></p> <p>ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.</p> <p style="text-align: center;">DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII (Check one of the following)</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <input checked="" type="checkbox"/> All of the obligations under the RUS loan documents have been fulfilled in all material respects. </div> <div style="width: 45%;"> <input type="checkbox"/> There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 30%;"> _____ Larry Taylor </div> <div style="width: 30%;"> 4/1/2013 DATE </div> </div>		

PART A. BALANCE SHEET					
ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
CURRENT ASSETS			CURRENT LIABILITIES		
1. Cash and Equivalents	111,596	253,402	25. Accounts Payable	440,828	425,447
2. Cash-RUS Construction Fund			26. Notes Payable	314,617	364,490
3. Affiliates:			27. Advance Billings and Payments	77,885	74,067
a. Telecom, Accounts Receivable			28. Customer Deposits	2,000	
b. Other Accounts Receivable	27,427		29. Current Mat. L/T Debt	452,000	400,000
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable	3,030	116,891	32. Income Taxes Accrued		
b. Other Accounts Receivable	235,705	312,493	33. Other Taxes Accrued		
c. Notes Receivable			34. Other Current Liabilities	4,033	6,908
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)	1,291,363	1,270,912
6. Material-Regulated	100,918	54,621	LONG-TERM DEBT		
7. Material-Nonregulated			36. Funded Debt-RUS Notes	750,987	643,259
8. Prepayments			37. Funded Debt-RTB Notes		
9. Other Current Assets	42,251	28,990	38. Funded Debt-FFB Notes	1,103,417	945,133
10. Total Current Assets (1 Thru 9)	520,927	766,397	39. Funded Debt-Other	409,292	350,580
NONCURRENT ASSETS			40. Funded Debt-Rural Develop. Loan		
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development			42. Reacquired Debt		
b. Nonrural Development			43. Obligations Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development			45. Other Long-Term Debt		
b. Nonrural Development	285,206	279,590	46. Total Long-Term Debt (36 thru 45)	2,263,696	1,938,972
13. Nonregulated Investments	329,115	246,872	OTHER LIAB. & DEF. CREDITS		
14. Other Noncurrent Assets			47. Other Long-Term Liabilities		
15. Deferred Charges			48. Other Deferred Credits	707,892	666,917
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
17. Total Noncurrent Assets (11 thru 16)	614,321	526,462	50. Total Other Liabilities and Deferred Credits (47 thru 49)	707,892	666,917
PLANT, PROPERTY, AND EQUIPMENT			EQUITY		
18. Telecom, Plant-in-Service	12,497,478	12,608,573	51. Cap. Stock Outstand. & Subscribed	30,000	30,000
19. Property Held for Future Use			52. Additional Paid-in-Capital	11,800	11,800
20. Plant Under Construction	177,961	177,961	53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill	362,714	197,893	54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation	8,022,758	8,600,724	55. Other Capital		
23. Net Plant (18 thru 21 less 22)	5,015,395	4,383,703	56. Patronage Capital Credits		
24. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins	1,845,892	1,757,961
			58. Total Equity (51 thru 57)	1,887,692	1,799,761
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)		
	6,150,643	5,676,562		6,150,643	5,676,562

Total Equity = 31.71% % of Total Assets

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		BORROWER DESIGNATION AL0559
INSTRUCTIONS- See RUS Bulletin 1744-2		PERIOD ENDING December, 2012
PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS		
ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues	598,383	493,627
2. Network Access Services Revenues	1,655,724	1,796,068
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues	22,614	11,658
5. Miscellaneous Revenues	11,585	22,201
6. Uncollectible Revenues	22,381	1,716
7. Net Operating Revenues (1 thru 5 less 6)	2,265,925	2,321,838
8. Plant Specific Operations Expense	408,609	388,392
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)	132,077	169,301
10. Depreciation Expense	797,970	707,134
11. Amortization Expense		
12. Customer Operations Expense	76,843	61,695
13. Corporate Operations Expense	868,043	810,103
14. Total Operating Expenses (8 thru 13)	2,283,542	2,136,625
15. Operating Income or Margins (7 less 14)	(17,617)	185,213
16. Other Operating Income and Expenses		
17. State and Local Taxes	14,605	(5,350)
18. Federal Income Taxes	(72,136)	(15,309)
19. Other Taxes	60,797	68,786
20. Total Operating Taxes (17+18+19)	3,266	48,127
21. Net Operating Income or Margins (15+16-20)	(20,883)	137,086
22. Interest on Funded Debt	98,456	76,087
23. Interest Expense - Capital Leases		
24. Other Interest Expense		
25. Allowance for Funds Used During Construction		
26. Total Fixed Charges (22+23+24-25)	98,456	76,087
27. Nonoperating Net Income	(18,242)	(106,938)
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income	81,202	14,437
31. Total Net Income or Margins (21+27+28+29+30-26)	(56,379)	(31,502)
32. Total Taxes Based on Income	(21,604)	(28,104)
33. Retained Earnings or Margins Beginning-of-Year	1,902,271	1,845,892
34. Miscellaneous Credits Year-to-Date		
35. Dividends Declared (Common)		
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date		56,429
38. Transfers to Patronage Capital		
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]	1,845,892	1,757,961
40. Patronage Capital Beginning-of-Year		
41. Transfers to Patronage Capital		
42. Patronage Capital Credits Retired		
43. Patronage Capital End-of-Year (40+41-42)	0	0
44. Annual Debt Service Payments	550,000	475,000
45. Cash Ratio [(14+20-10-11) / 7]	0.6571	0.6364
46. Operating Accrual Ratio [(14+20+26) / 7]	1.0527	0.9737
47. TIER [(31+26) / 26]	0.4274	0.5860
48. DSCR [(31+26+10+11) / 44]	1.5274	1.5826

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

INSTRUCTIONS - See RUS Bulletin 1744-2

BORROWER DESIGNATION

AL0559

PERIOD ENDED

December, 2012

Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION

EXCHANGE	1. RATES		2. SUBSCRIBERS (ACCESS LINES)			3. ROUTE MILES	
	B-1	R-1	BUSINESS	RESIDENTIAL	TOTAL	TOTAL (including fiber)	FIBER
	(a)	(b)	(a)	(b)	(c)	(a)	(b)
Moundville	29.10	14.86	230	958	1,188	220.00	10.00
MobileWireless					0		
Route Mileage Outside Exchange Area						0.00	0.00
Total			230	958	1,188	220.00	10.00
No. Exchanges	1						

OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS

INSTRUCTIONS - See RUS Bulletin 1744-2

Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION

4. BROADBAND SERVICE

			L E B S					
EXCHANGE	No. Access Lines with BB available (a)	No Of Broadband Subscribers (b)	Number Of Subscribers (c)	Advertised Download Rate (Mbps) (d)	Advertised Upload Rate (Mbps) (e)	Price Per Month (f)	Standalone Pc:g (f)	Type Of Technology (g)
Moundville	1,188	526	108	1,500	512	49.95	StandAlone	DSL
Total	1,188	526						

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS			BORROWER DESIGNATION AL0559 PERIOD ENDING December, 2012		
INSTRUCTIONS- See RUS Bulletin 1744-2					
PART D. SYSTEM DATA					
1. No. Plant Employees	2. No. Other Employees	3. Square Miles Served	4. Access Lines per Square Mile	5. Subscribers per Route Mile	
7	7	160	7.43	5.40	
PART E. TOLL DATA					
1. Study Area ID Code(s) a. _____ b. _____ c. _____ d. _____ e. _____ f. _____ g. _____ h. _____ i. _____ j. _____		2. Types of Toll Settlements (Check one) <div style="display: flex; justify-content: space-between;"> <div> Interstate <input type="checkbox"/> Intrastate <input type="checkbox"/> </div> <div> Average Schedule <input type="checkbox"/> Average Schedule <input checked="" type="checkbox"/> </div> <div> Cost Basis <input checked="" type="checkbox"/> Cost Basis <input type="checkbox"/> </div> </div>			
PART F. FUNDS INVESTED IN PLANT DURING YEAR					
1. RUS, RTB, FFB Loan Funds Expended					
2. Other Long-Term Loan Funds Expended					
3. Funds Expended Under RUS Interim Approval					
4. Other Short-Term Loan Funds Expended					
5. General Funds Expended (Other than Interim)				111,095	
6. Salvaged Materials					
7. Contribution in Aid to Construction					
8. Gross Additions to Telecom. Plant (1 thru 7)				111,095	
PART G. INVESTMENTS IN AFFILIATE COMPANIES					
INVESTMENTS (a)	CURRENT YEAR DATA		CUMULATIVE DATA		
	Investment This Year (b)	Income/Loss This Year (c)	Cumulative Investment To Date (d)	Cumulative Income/Loss To Date (e)	Current Balance (f)
1. Investment in Affiliated Companies - Rural Development					
2. Investment in Affiliated Companies - Nonrural Development					

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		BORROWER DESIGNATION AL0559	
		PERIOD ENDING December, 2012	
PART I. CURRENT DEPRECIATION RATES			
Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one)			
		<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO
EQUIPMENT CATEGORY		DEPRECIATION RATE	
1. Land and support assets - Motor vehicles		15.00%	
2. Land and support assets - Aircraft			
3. Land and support assets - Special purpose vehicles		10.00%	
4. Land and support assets - Garage and other motor equipment		10.00%	
5. Land and support assets - Buildings		3.01%	
6. Land and support assets - Furniture and Office equipment		10.00%	
7. Land and support assets - General purpose computers		16.00%	
8. Central Office Switching - Digital		10.00%	
9. Central Office Switching - Analog or Electro-mechanical			
10. Central Office Switching - Operator Systems			
11. Central Office Transmission - Radio Systems		11.30%	
12. Central Office Transmission - Circuit equipment		11.30%	
13. Information origination/termination - Station apparatus			
14. Information origination/termination - Customer premises wiring			
15. Information origination/termination - Large private branch exchanges			
16. Information origination/termination - Public telephone terminal equipment			
17. Information origination/termination - Other terminal equipment			
18. Cable and wire facilities - Poles			
19. Cable and wire facilities - Aerial cable - Metal			
20. Cable and wire facilities - Aerial cable - Fiber			
21. Cable and wire facilities - Underground cable - Metal			
22. Cable and wire facilities - Underground cable - Fiber			
23. Cable and wire facilities - Buried cable - Metal		5.00%	
24. Cable and wire facilities - Buried cable - Fiber		5.00%	
25. Cable and wire facilities - Conduit systems			
26. Cable and wire facilities - Other			

USDA-RUS		BORROWER DESIGNATION AL0559	
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		PERIOD ENDED December, 2012	
		INSTRUCTIONS ☐ See help☐ in the online application.	
PART I ☐ STATEMENT OF CASH FLOWS			
1. Borrower Cash (Cash and Cash Equivalents) RUS Construction Fund)		111,596	
CASH FLOWS FROM OPERATING ACTIVITIES			
2. Net Income		(31,502)	
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
3. Add: Depreciation		707,134	
4. Add: Amortization		0	
5. Other (Explain)			
Changes in Operating Assets and Liabilities			
6. Decrease/(Increase) in Accounts Receivable		(163,222)	
7. Decrease/(Increase) in Materials and Inventory		46,297	
8. Decrease/(Increase) in Prepayments and Deferred Charges		0	
9. Decrease/(Increase) in Other Current Assets		13,261	
10. Increase/(Decrease) in Accounts Payable		(15,381)	
11. Increase/(Decrease) in Advance Billings & Payments		(3,818)	
12. Increase/(Decrease) in Other Current Liabilities		2,875	
13. Net Cash Provided/(Used) by Operations		555,644	
CASH FLOWS FROM FINANCING ACTIVITIES			
14. Decrease/(Increase) in Notes Receivable		0	
15. Increase/(Decrease) in Notes Payable		49,873	
16. Increase/(Decrease) in Customer Deposits		(2,000)	
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)		(376,724)	
18. Increase/(Decrease) in Other Liabilities & Deferred Credits		(40,975)	
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital		0	
20. Less: Payment of Dividends		0	
21. Less: Patronage Capital Credits Retired		0	
22. Other (Explain)			
23. Net Cash Provided/(Used) by Financing Activities		(369,826)	
CASH FLOWS FROM INVESTING ACTIVITIES			
24. Net Capital Expenditures (Property, Plant & Equipment)		(111,095)	
25. Other Long-Term Investments		87,859	
26. Other Noncurrent Assets & Jurisdictional Differences		0	
27. Other (Explain) Other, net		(20,776)	
28. Net Cash Provided/(Used) by Investing Activities		(44,012)	
29. Net Increase/(Decrease) in Cash		141,806	
30. Ending Cash		253,402	

Revision Date 2010

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION AL0559
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2012
NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	

<div>USDA-RUS</div> <div>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</div>	<div>BORROWER DESIGNATION</div> <div>AL0559</div>
<div>INSTRUCTIONS - See RUS Bulletin 1744-2</div>	<div>PERIOD ENDED</div> <div>December, 2012</div>
<div>CERTIFICATION LOAN <input type="checkbox"/>DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</div>	